

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF INSURANCE

BILL SHEFFIELD, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811  
PHONE 465-2515

#### ORDER 83-1

TO: ALL LIFE AND DISABILITY INSURERS AUTHORIZED TO TRANSACT  
BUSINESS IN THE STATE OF ALASKA

RE: EXEMPTION STANDARDS FOR LIFE AND DISABILITY FORMS

A.S. 21.42.120(d) authorizes the director to exempt, by order, any form or insurance document from the filing and approval requirements of A.S. 21.42.120 if, in his opinion, the filing and approval is not desirable or necessary for the protection of the public. The above applies to life and disability forms.

#### Findings

1. Less than 10 percent of all consumer complaints filed with the Division of Insurance for calendar years 1981 and 1982 relate to the types of contract forms for which exemption was contemplated.
2. A cursory review of those complaints referred to in 1, indicates that virtually none of those complaints had any connection to the policy form itself.
3. The State of Arizona, Department of Insurance has statutory authority to exempt certain policy forms from its filing requirements. Arizona's authority is very similar to Alaska's (A.S. 21.42.120(d)). The Director of Arizona's Department of Insurance ordered (Docket No. 5081) on August 13, 1982 that certain life and disability forms be exempted from filing.
4. Arizona's analysis of complaints produced results similar to those in Alaska.
5. At the time of Arizona's order, the Department of Insurance was experiencing a backlog of filings. Arizona's Director anticipated that by relieving department staff from the review of the exempted forms the backlog would be reduced and more attention could be given to those policy forms that are more affected with the public interest. Therefore, the public would be better protected.
6. The Division of Insurance currently has no backlog of life and disability policy form filings. However, a great number of filings are received each year, all of which need to be reviewed by the Division personnel. By relieving staff from the review of the exempted forms, more attention can be given to those policy forms of greater public interest. The integration of financial services has resulted in the development of new and innovative life insurance and annuity products. Such new

products require close regulatory scrutiny to better protect the public and it is anticipated more staff time will be available for such review.

7. It is anticipated that insurers will realize savings in administrative costs relating to forms filings due to the new procedures regarding the exempted life and disability policy forms. These costs savings can be expected to result in lower premium costs to the public if they prove to be material.
8. A.S. 21.42.220, Validity of Non-Complying Forms states:  
  
"An insurance policy rider, or endorsement issued and otherwise valid which contains a condition or provision not in compliance with the requirements of this title, is not thereby rendered invalid but shall be construed and applied in accordance with the conditions and provisions as would have applied had the policy, rider or endorsement been in full compliance with this title."
9. The Director has the authority, pursuant to A.S. 21.42.130, to disapprove any form delivered or issued for delivery in the State of Alaska whether or not the form is exempt from the filing requirements of A.S. 21.42.120.

The Director Hereby Orders:

Pursuant to A.S. 21.42.120(d), the following life and disability forms are exempt from the filing requirements of A.S. 21.42.120:

- I. Life Forms
  - A. Individual Policies:
    1. Ordinary whole life;
    2. Limited pay life;
    3. Life paid up at certain ages;
    4. Endorsements;
    5. Term: level, decreasing, renewable but not credit life;
    6. Joint life without survivorship benefits;
    7. Single premium life and endorsements
    8. Immediate annuities;
    9. Industrial life;
    10. All variable contracts which provide insurance or annuity benefits according to the investment experience of a separate account pursuant to A.S. 21.42.370; and
    11. Modified benefit whole life (decrease in face amount at a certain age).
  - B. Group Policies:
    1. Group term life insurance but not credit life;
    2. Group permanent insurance; and
    3. Group annuities.
  - C. Applications corresponding to policies listed in A. and B. above.

- D. Riders, amendments and endorsements:
1. Term rider;
  2. Family or survivor income benefits;
  3. Family insurance;
  4. Children's insurance;
  5. Total and permanent disability waiver of premium;
  6. Guaranteed insurability; and
  7. IRA endorsements.

II. Disability Forms

A. Individual policies:

1. Long term disability income;
2. Short term disability income;
3. Prescription drugs;
4. Accident only;
5. Travel accident;
6. Accidental death and dismemberment; and
7. Overhead expense disability income.

B. Group

1. Long term disability income;
2. Short term disability income;
3. Prescription drugs; and
4. Blanket group and overhead expense.

- C. Application, riders and endorsements and amendments corresponding to policies listed in A. and B. above.

III. Regulation of Exempt Forms

- A. Each year, on or before June 30, insurers must submit to the Division of Insurance a list of all forms which were available for issue in Alaska during this period and which are exempted from filing. If insurers do not use exempt forms, a statement to that effect must be submitted.
- B. Each form must be listed by its title and form number. If the form does not have a descriptive title, a brief explanation of the coverage provided is required. Additionally, the date the form was placed into use must also be recorded.
- C. A list of the exempt riders, amendments and endorsements to be used with nonexempt forms should be included with the filing of the nonexempt form.
- D. The exempt must be accompanied by the certification which is attached as Exhibit 1, executed by the present or another designated officer of the insurer.
- E. An actuarial certification, attached as exhibit 2, must accompany the list of exempt forms. The actuarial certification shall apply to all exempt life

and annuity forms. The actuarial certification must be executed by the actuarial officer of the insurer or by the duly authorized consultant who is a member in good standing of the American Academy of Actuaries or who has otherwise demonstrated to the Director his or her actuarial competence.

- IV. This Order shall in no way affect any insurer's duty to comply with all of the requirements of Alaska Statute, Title 21 relating to all forms delivered or issued for delivery in Alaska. The Director may ensure such compliance by ordering market conduct examinations, if necessary, of any insurer subject to this Order.
- V. Nothing in this order in any way prevents the Director from requiring that any form otherwise exempt from filing, be filed and reviewed by the Division to assure compliance with Alaska Insurance Law.

This Order Shall be effective May 1, 1983,

Dated this 17th day of March, 1983

  
Kenneth C. Moore, Director  
Division of Insurance

EXHIBIT 1

STATE OF ALASKA

CERTIFICATION

ANNUAL LIST OF EXEMPT LIFE AND DISABILITY FORMS

I have reviewed or supervised the preparation of the enclosed list of exempted forms available for issue in Alaska. I hereby certify that to the best of my knowledge, information and belief, the information provided is correct and complete. I certify that the forms listed comply with all applicable laws, regulations and bulletins. I certify that to the best of my knowledge, none of these forms is deceptive and misleading and none of these forms contain exceptions or conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverages of the policy. I also certify that the use of any form listed in this report will be discontinued in the event of future changes in laws or regulations which would prohibit the use of such a form.

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Signature of president or  
designated officer

Please type or print name  
of person whose signature  
appears above.

DATE:

EXHIBIT 2

STATE OF ALASKA

ACTUARIAL CERTIFICATION

ANNUAL LIST OF EXEMPT LIFE AND ANNUITY FORMS

CERTIFICATION

I have reviewed or supervised the review of the actuarial formulae for policies exempt from filing. I certify that the nonforfeiture benefits for these policies, for every age and face amount combinations, taking into consideration any policy fee, meet the nonforfeiture requirements of the Alaska Statutes. I certify that to the best of my knowledge the policies are not deceptive or misleading and do not contain exceptions or conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policies. I also certify that all modifications in nonforfeiture values required by new laws, regulations or bulletins have been made and that all exempt forms are in compliance with such laws, regulations and bulletins.

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Signature of Actuarial Officer

Please type or print name  
of person whose signature  
appears above.

DATE:

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